

# Los Angeles Times

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From the Los Angeles Times

## Movie theaters offering upscale ambience

**Some cinemas are kicking up the experience -- and the ticket price -- offering such things as reclining seats, high-end food and alcoholic beverages.**

By Josh Friedman

Los Angeles Times Staff Writer

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No matter how bad the economy gets, people will always head to the movies for two hours of affordable entertainment -- or so the theory goes.

Three theaters coming to Southern California next year are putting that thesis to a big test with ticket prices as high as \$35.

Australian company Village Roadshow Ltd. plans to bring its Gold Class luxury cinemas to Pasadena, Costa Mesa and Ontario, kicking the luxury-theater concept up a notch -- not to mention by \$20 or so.

"We're redefining our business as a hospitality business," said Robert G. Kirby, chairman of the entertainment conglomerate, which produces films and already has a line of Gold Class theaters operating Down Under as well as in Singapore and Greece.

Kirby said Gold Class was designed a decade ago to enable regular schmoees to enjoy movies like Hollywood studio bigwigs do, in plush screening rooms with first-class catering.

"We can all get from A to B," Kirby said, "but people like to drive a BMW. You can stay at a motel or enjoy the luxury of a Four Seasons Hotel."

Village Roadshow said in March that it would import the Gold Class concept to the U.S., but until now it had not unveiled any plans for the Los Angeles area.

In a \$200-million joint venture with television producer Norman Lear's Act III Communications, media investment firm Lambert Entertainment and the Retirement Systems of Alabama, the company hopes to roll out 50 theaters in the U.S. over the next five years, including in the Chicago and Seattle areas. This is the second recent venture from Village Roadshow, Act III and Lambert. The two Hollywood entities own stakes in Village Roadshow Entertainment Group, created in 2007 through the combining of Village Roadshow's film group and Concord Music Group to share content.

Village Roadshow won't have the upscale cinema market to itself in Los Angeles. Competitors such as the ArcLight Cinemas in Hollywood and Sherman Oaks and the Bridge Cinema de Lux, near Los Angeles International Airport, already offer their own versions of several of the amenities Village Roadshow is promising. These include providing reserved seating in cushy recliners and access to fine dining -- at least compared with typical nachos-and-cheese multiplex fare -- policing late arrivals and showing no ads other than trailers.

The upscale theater trend is accelerating as exhibitors cater to the over-40 crowd, the fastest-growing segment of the population and a relatively affluent demographic, said Patrick Corcoran, director of media and research at the National Assn. of Theatre Owners. The ArcLight, the Landmark and the Bridge are among the highest-grossing theaters in L.A., he noted.

"There is a desire among adult moviegoers to be catered to, and they will pay for the level of service they expect," Corcoran said.

Over-21 screenings, where alcohol is permitted, enable adults to avoid yakking teenagers. Combining the dinner-and-movie experience, Corcoran said, gives exhibitors "an opportunity to keep those date-night dollars from walking out of the multiplex to another part of the mall or out onto the street after the show."

Village Roadshow is vowing to take luxury to a new level with its theaters at locations including One Colorado in Old Pasadena, Triangle Square in Costa Mesa and at the Guasti Winery development in Ontario, each of which aims to open by December 2009.

The Gold Class experience starts with online seating selection, valet parking and a concierge desk at check-in.

Auditoriums will be the regular size but hold 30 to 40 table-side seats each, as opposed to 150 to 200 seats with drink holders at a typical multiplex, said Rob Goldberg, chief operating officer of Village Roadshow's Burbank-based Gold Class Cinemas division.

With the extra room, black-uniformed, "stealth-like" servers will be able to whisk menu choices such as lobster spring rolls, duck tacos, Wagyu beef burgers and creme brulee to customers' tables without obscuring the movie, he said, all at the call of a button. The theaters will offer

seasonal menus with more than 100 wine selections, plus signature cocktails.

"First came the movie theater, then the modern multiplex," Goldberg said. "This is the third phase."

Patrons will pay to be pampered even in tough economic times, he believes: "It's like an identity refresher. While the price point looks big, you get a lot for your extra 15 bucks."

Food and drinks are not included. A mushroom-and-brie pizza and a bottle of New Belgium Fat Tire beer would add \$28 to the tab.

Staffing costs will be relatively high with as many as 30 workers, including chefs and line cooks, on duty at a time and commanding salaries as high as \$100,000. But Village Roadshow says the Gold Class concept has proved to be profitable overseas, so it should work here.

Distribution executive Stephen Basil-Jones, managing director for Sony Pictures' Australian division, said the theater line was "phenomenally successful" on that continent.

"It's essentially double the ticket price, but there hasn't been a problem with that," he said, noting that adult-skewing films such as his studio's James Bond thriller "Casino Royale" have racked up disproportionately high grosses at Gold Class venues. "These theaters, as they say about boxers, fight above their weight class."

Basil-Jones notes, however, that Village Roadshow offers its Gold Class auditoriums alongside its regular cinemas abroad, whereas in the U.S. it plans to gamble on free-standing, all-premium venues.

National Amusements Inc., which owns the Bridge, and Pacific Theatres Exhibition Corp., which owns the two ArcLight locations, declined to comment on Village Roadshow's plans.

Exhibitors say the Gold Class invasion will be closely watched and quickly emulated if successful, although some are skeptical about its chances.

"The idea of an all-premium concept strikes me as a recipe for disaster," said Michael Whalen, president of Fort Lauderdale, Fla.-based Muvico Theaters Inc., which is bringing its version of the upscale movie theater experience to Thousand Oaks this December.

At the Oaks 14 multiplex, only four of the auditoriums will be at Muvico's Premier VIP level, meaning that a \$16 ticket includes parking, popcorn, bar and lounge access and reserved seating. Most tickets will cost the standard \$11.

Even at Walt Disney Co.'s El Capitan Theatre -- a restored old-fashioned movie palace in Hollywood where reserved VIP tickets, including popcorn and soda, command \$26 and a 20-minute live stage show precedes each performance -- general admission runs \$10 to \$16.

Whalen said Village Roadshow was "narrowcasting its audience" with a single format that might work with the Friday and Saturday night date crowds but prove less popular on weekday afternoons, even with corporate events picking up some of the slack.

"Movies are meant to be enjoyed by large crowds that laugh at the jokes together, and this business depends on regular customers. But I could be wrong. It's a free world and everybody gets to try their concept."

*josh.friedman@latimes.com*

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